INSTRUMENT PREPARED BY VIRGINIA GAS AND OIL BOARD

ORDER RECORDED UNDER CODE OF VIRGINIA SECTION 45.1-361.26

VIRGINIA:

BEFORE THE VIRGINIA GAS AND OIL BOARD

Equitable Production Company APPLICANT: POOLING OF INTERESTS IN A 58.86 RELIEF SOUGHT: ACRE SQUARE DRILLING UNIT DESCRIBED IN EXHIBIT A HERETO LOCATED IN THE NORA COAL BED GAS FIELD AND SERVED BY WELL NO. VC-551315 (herein "Subject Drilling) Unit") PURSUANT TO VA. CODE §§ 45.1-361.21 AND 45.1-361.22, FOR THE PRODUCTION OF OCCLUDED NATURAL GAS PRODUCED FROM COALBEDS AND ROCK STRATA ASSOCIATED THEREWITH (herein "Coalbed Methane Gas" or "Gas")

LEGAL DESCRIPTION:

SUBJECT DRILLING UNIT SERVED BY WELL NUMBERED VC-551315 (herein "Well") TO BE DRILLED IN THE LOCATION DEPICTED ON EXHIBIT A HERETO, Pine Mountain Oil & Gas, Inc.
Tract T-459
Duty QUADRANGLE
Castlewood MAGISTERIAL DISTRICT
RUSSELL COUNTY, VIRGINIA
(the "Subject Lands" are more particularly described on Exhibit A, attached hereto and made a part hereof)

TAX MAP IDENTIFICATIN NUMBERS:

TAX MAP IDENTIFICATIN NUMBERS FOR ALL PARCELS

AFFECTED BY THIS ORDER ARE SHOWN ON EXHIBIT(S)

B-3; WHICH IS/ARE ATTACHED TO AND A PART

OF THIS ORDER.

REPORT OF THE BOARD

FINDINGS AND ORDER

- 1. Hearing Date and Place: This matter came on for hearing before the Virginia Gas and Oil Board (hereafter "Board") at 9:00 a.m. on **June 20, 2006** Southwest Higher Education Center, Campus of Virginia Highlands Community College, Abingdon, Virginia.
- 2. Appearances: James E. Kaiser of Wilhoit and Kaiser, appeared for the Applicant.

) VIRGINIA GAS) AND OIL BOARD

DOCKET NO.

VGOB-06/06/20-1653

- Jurisdiction and Notice: Pursuant to Va. Code §§45.1-361.1 et seq., the Board finds that it has jurisdiction over the subject matter. Based upon the evidence presented by Applicant, the Board also finds that the Applicant has (1) exercised due diligence in conducting a meaningful search of reasonably available sources to determine the identity and whereabouts of each gas and oil owner, coal owner, or mineral owner and/or potential owner, i.e., person identified by Applicant as having ("Owner") or claiming ("Claimant") the rights to Coalbed Methane Gas in all Pennsylvania-aged coals from the top of the Raven, including but not limited to Jawbone, Greasy Creek, C-Seam, War Creek, Beckley, Lower Horsepen, X-Seam, Poco 6, Poco 5, Poco 3, Poco 2, and any other unnamed coal seams, coalbeds and rock strata associated therewith (hereafter "Subject Formations") in the Subject Drilling Unit underlying and comprised of Subject Lands; (2) represented it has given notice to those parties so identified (hereafter sometimes "person(s)" whether referring to individuals, corporations, partnerships, associations, companies, businesses, trusts, joint ventures or other legal entities) entitled by Va. Code §§ 45.1-361.19 and 45.1-361.22, to notice of the application filed herein; and (3) that the persons set forth in Exhibit B-3 hereto have been identified by Applicant as persons who may be Owners or Claimants of Coalbed Methane Gas interests in Subject Formations in the Subject Drilling Unit who have not heretofore agreed to lease or sell to the Applicant and/or voluntarily pool their Gas interests. Conflicting Gas Owners/Claimants in Subject Drilling Unit are listed on Exhibit E. Further, the Board has caused notice of this hearing to be published as required by Va. Code § 45.1-361.19.B. Whereupon, the Board hereby finds that the notices given herein satisfy all statutory requirements, Board rule requirements and the minimum standards of state due process.
 - 4. Amendments: None
 - 5. Dismissals: None
- 6. Relief Requested: Applicant requests (1) that pursuant to Va. Code § 45.1-361.22, including the applicable portions of § 45.1-361.21, the Board pool the rights, interests and estates in and to the Gas in the Subject Drilling Unit, including those of the Applicant and of the known and unknown persons named in Exhibit B-3 hereto and that of their known and unknown heirs, executors, administrators, devisees, trustees, assigns and successors, both immediate and remote, for the drilling and operation, including production, of Coalbed Methane Gas produced from the Subject Drilling Unit established for the Subject Formations underlying and comprised of the Subject Lands, (hereafter sometimes collectively identified and referred to as "well development and/or operation in the Subject Drilling Unit"); and, (2) that the Board designate Equitable Production Company as the Unit Operator.
- 7. Relief Granted: The requested relief in this cause shall be and hereby is granted and: (1) pursuant to Va. Code § 45.1-361.21.C.3, Equitable Production Company (hereafter "Unit Operator" or "Operator") is designated as the Unit Operator authorized to drill and operate the Well in Subject Drilling Unit at the location depicted on the plat attached hereto as Exhibit A, subject to the permit provisions contained in Va. Code § 45.1-361.27, et seq.,; to §§ 4 VAC 25-150 et seq., Gas and Oil Regulations; to § 4 VAC 25-160

et seq., Virginia Gas and Oil Board Regulations and to the Nora Coal Bed Gas Field Rules established by the Oil and Gas Conservation Board's Order entered March 26, 1989; all as amended from time to time; and (2) all the interests and estates in and to the Gas in Subject Drilling Unit, including that of the Applicant, the Unit Operator and of the known and unknown persons listed on Exhibit B-3, attached hereto and made a part hereof, and their known and unknown heirs, executors, administrators, devisees, trustees, assigns and successors, both immediate and remote, be and hereby are pooled in the Subject Formations in the Subject Formation in the Subject Drilling Unit underlying and comprised of the Subject Lands.

Pursuant to the Nora Coal Field Rules promulgated under the authority of Va. Code § 45.1-361.20, the Board has adopted the following method for the calculation of production and revenue and allocation of allowable costs for the production of Coalbed Methane Gas.

For Frac Well Gas. - Gas shall be produced from and allocated to only the 58.86 acre drilling unit in which the well is located according to the undivided interests of each Owner/Claimant within the unit, which undivided interest shall be the ratio (expressed as a percentage) that the amount of mineral acreage within each separate tract that is within the Subject Drilling Unit, when platted on the surface, bears to the total mineral acreage, when platted on the surface, contained within the entire 58.86-acre drilling unit in the manner set forth in the Nora Field Rules.

8. Election and Election Period: In the event any Owner or Claimant named in Exhibit B-3 hereto does not reach a voluntary agreement to share in the operation of the well located in the Subject Drilling Unit, at a rate of payment mutually agreed to by said Gas Owner or Claimant and the Unit Operator, then such person named may elect one of the options set forth in Paragraph 9 below and must give written notice of his election of the option selected under Paragraph 9 to the designated Unit Operator at the address shown below within thirty (30) days from the date of receipt of a copy of this Order. A timely election shall be deemed to have been made if, on or before the last day of said 30-day period, such electing person has delivered his written election to the designated Unit Operator at the address shown below or has duly postmarked and placed its written election in first class United States mail, postage prepaid, addressed to the Unit Operator at the address shown below.

9. Election Options:

9.1 Option 1 - To Participate In The Development and Operation of the Drilling Unit: Any Gas Owner or Claimant named in Exhibit B-3 who has not reached a voluntary agreement with the Applicant or Unit Operator may elect to participate in the Well development and operation in the Subject Drilling Unit (hereafter "Participating Operator") by agreeing to pay the estimate of such Participating Operator's proportionate part of the actual and reasonable costs, including a reasonable supervision fee, of the Well development and operation in the Subject Drilling Unit, as more particularly set forth in Virginia Gas and Oil Board Regulation 4 VAC 25-160-100 (herein "Completed for Production Costs"). Further, a Participating Operator agrees to pay the

estimate of such Participating Operator's proportionate part of the Estimated, Completed-for-Production Costs as set forth below to the Unit Operator within forty-five (45) days from the later of the date of mailing or the date of recording of this Order. The estimated Completed-for-Production Costs for the Subject Drilling Unit are as follows:

Completed-for-Production Costs: \$311,491.00

Any gas owner and/or claimants named in **Exhibit B-3**, who elect this option (Option 1) understand and agree that their initial payment under this option is for their proportionate share of the Applicant's estimate of actual costs and expenses. It is also understood by all persons electing this option that they are agreeing to pay their proportionate share of the actual costs and expenses as determined by the operator named in this Board Order.

A Participating Operator's proportionate cost hereunder shall be the result obtained by multiplying the Participating Operators' "Interest in Unit" times the Completed-for-Production Cost set forth above. Provided, however, that in the event a Participating Operator elects to participate and fails or refuses to pay the estimate of his proportionate part of the Completed-for-Production Cost as set forth above, all within the time set forth herein and in the manner prescribed in Paragraph 8 of this Order, then such Participating Operator shall be deemed to have elected not to participate and to have elected compensation in lieu of participation pursuant to Paragraph 9.2 herein.

9.2 Option 2 - To Receive A Cash Bonus Consideration: In lieu of participating in the Well development and operation in Subject Drilling Unit under Paragraph 9.1 above, any Gas Owner or Claimant named in Exhibit B-3 hereto who has not reached a voluntary agreement with the Unit Operator may elect to accept a cash bonus consideration of \$5.00 per net mineral acre owned by such person, commencing upon entry of this Order and continuing annually until commencement of production from Subject Drilling Unit, and thereafter a royalty of 1/8th of 8/8ths [twelve and one-half percent (12.5%)] of the net proceeds received by the Unit Operator for the sale of the Gas produced from any Well development and operation covered by this Order multiplied by that person's Interest Within Unit as set forth in Exhibit B-3 [for purposes of this Order, net proceeds shall be actual proceeds received less post-production costs incurred downstream of the wellhead, including, but not limited to, gathering, compression, treating, transportation and marketing costs, whether performed by Unit Operator or a third person] as fair, reasonable and equitable compensation to be paid to said Gas Owner or Claimant. The initial cash bonus shall become due and owing when so elected and shall be tendered, paid or escrowed within one hundred twenty (120) days of recording of this Order. Thereafter, annual cash bonuses, if any, shall become due and owing on each anniversary of the date of recording of this order in the event production from Subject Drilling Unit has not theretofore commenced, and once due, shall be tendered, paid or

escrowed within sixty (60) days of said anniversary date. Once the initial cash bonus and the annual cash bonuses, if any, are so paid or escrowed, said payment(s) shall be satisfaction in full for the right, interests, and claims of such electing person in and to the Gas produced from Subject Formation in the Subject Lands, except, however, for the 1/8th royalties due hereunder.

Subject to a final legal determination of ownership, the election made under this Paragraph 9.2, when so made, shall be satisfaction in full for the right, interests, and claims of such electing person in any well development and operation covered hereby and such electing person shall be deemed to have and hereby does assign its right, interests, and claims in and to the Gas produced from Subject Formation in the Subject Drilling Unit to the Applicant.

9.3. Option 3 - To Share In The Development And Operation As A Non-Participating Person On A Carried Basis And To Receive Consideration In Lieu Of Cash: In lieu of participating in the Well development and operation of Subject Drilling Unit under Paragraph 9.1 above and in lieu of receiving a cash bonus consideration under Paragraph 9.2 above, any Gas Owner or Claimant named in Exhibit B-3 who has not reached a voluntary agreement with the Unit Operator may elect to share in the well development and operation in Subject Drilling Unit on a carried basis (as a "Carried Well Operator") so that the proportionate part of the Completed-for-Production Costs hereby allocable to such Carried Well Operator's interest is charged against such Carried Well Operator's share of production from Subject Drilling Unit. Such Carried Well Operator's rights, interests, and claims in and to the Gas in Subject Drilling Unit shall be deemed and hereby are assigned to the Unit Operator until the proceeds from the sale of such Carried Well Operator's share of production from Subject Drilling Unit (exclusive of any royalty, excess or overriding royalty, or other non-operating or non cost-bearing burden reserved in any lease, assignment thereof or agreement relating thereto covering such interest) equals three hundred percent (300%) for a leased interest or two hundred percent (200%) for an unleased interest (whichever is applicable) of such Carried Well Operator's share of the Completed-for-Production Costs allocable to the interest of such Carried Well Operator. Any Gas Owner and/or Claimant named in Exhibit B-3 who elects this option (Option 3) understands and agrees that Completed-for-Production Costs are the Operator's actual costs for well development and operation. When the Unit Operator recoups and recovers from such Carried Well Operator's assigned interest the amounts provided for above, then, the assigned interest of such Carried Well Operator shall automatically revert back to such Carried Well Operator, and from and after such reversion, such Carried Well Operator shall be treated as if it had participated initially under Paragraph 9.1 above; and thereafter, such participating person shall be charged with and shall pay his proportionate part of all further costs of such well development and operation.

Subject to a final legal determination of ownership, the election made under this Paragraph 9.3, when so made, shall be satisfaction in full for the right, interests, and claims of such electing person in any Well development and operation covered hereby and such electing person shall be deemed to have and hereby does assign his right, interests, and claims in and to the Gas produced from Subject Formation in the Subject Drilling Unit to the Applicant for the period of time during which its interest is carried as above provided prior to its reversion back to such electing person.

- Failure to Properly Elect: In the event a person named in Exhibit B-3 hereto has not reached a voluntary agreement with the Applicant or Unit Operator and fails to elect within the time, in the manner, and in accordance with the terms of this Order, one of the alternatives set forth in Paragraph 9 above for which his interest qualifies, then such person shall be deemed to have elected not to participate in the proposed Well development and operation in Subject Drilling Unit and shall be deemed, subject to any final legal determination of ownership, to have elected to accept as satisfaction in full for such person's right, interests, and claims in and to the Gas the consideration provided in Paragraph 9.2 above for which its interest qualifies, and shall be deemed to have leased and/or assigned his right, interests, and claims in and to said Gas produced from Subject Formation in Subject Drilling Unit to the Unit Operator. Persons who fail to properly elect shall be deemed to have accepted the compensation and terms set forth herein at Paragraph 9.2 in satisfaction in full for the right, interests, and claims of such person in and to the Gas produced from Subject Formation underlying Subject Lands.
- Default By Participating Person: In the event a person named in Exhibit B-3 elects to participate under Paragraph 9.1, but fails or refuses to pay, to secure the payment or to make an arrangement with the Unit Operator for the payment of such person's proportionate part of the estimated Completed-for-Production costs as set forth herein, all within the time and in the manner as prescribed in this Order, then such person shall be deemed to have withdrawn his election to participate and shall be deemed to have elected to accept as satisfaction in full for such person's right, interests, and claims in and to the Gas the consideration provided in Paragraph 9.2 above for which his interest qualifies depending on the excess burdens attached to such interest. Whereupon, any cash bonus consideration due as a result of such deemed election shall be tendered, paid or escrowed by Unit Operator within one hundred twenty (120) days after the last day on which such defaulting person under this Order should have paid his proportionate part of such cost or should have made satisfactory arrangements for the payment thereof. When such cash bonus consideration is paid or escrowed, it shall be satisfaction in full for the right, interests, and claims of such person in and to the Gas underlying Subject Drilling Unit in the Subject Lands covered hereby, except, however, for any 1/8th royalties which would become due pursuant to Paragraph 9.2 hereof.
- 12. Assignment of Interest: In the event a person named in **Exhibit B-3** is unable to reach a voluntary agreement to share in the Well development and operation in Subject Drilling Unit at a rate of payment

agreed to mutually by said Gas Owner or Claimant and the Unit Operator, and said person elects or fails to elect to do other than participate under Paragraph 9.1 above in the Well development and operation in Subject Drilling Unit, then such person shall be deemed to have and shall have assigned unto Unit Operator such person's right, interests, and claims in and to said Well, in Subject Formations in Subject Drilling Unit, and other share in and to Gas production to which such person may be entitled by reason of any election or deemed election hereunder in accordance with the provisions of this Order governing said elections.

13. Unit Operator (or Operator): Equitable Production Company shall be and hereby is designated as Unit Operator authorized to drill and operate the Well(s) in Subject Formations in Subject Drilling Unit, all subject to the permit provisions contained in Va. Code §§ 45.1-361.27 et seq.; §§ 4 VAC 25-150 et seq., Gas and Oil Regulations; §§ 4 VAC 25-160 et seq., Virginia Gas and Oil Board Regulations; Oil and Gas Conservation Board ("OGCB") Order establishing the Nora Coal Bed Gas Field Rules entered March 26, 1989; all as amended from time to time, and all elections required by this Order shall be communicated to Unit Operator in writing at the address shown below:

Equitable Production Company 1710 Pennsylvania Avenue Charleston, WV 25302 Phone: (304) 348-3800 Fax: (304) 344-0363 Attn: Leslie Smith

- 14. Commencement of Operations: Unit Operator shall commence or cause to commence operations for the drilling of the Well within Subject Drilling Unit within seven hundred thirty (730) days from the date of this Order, and shall prosecute the same with due diligence. If the Unit Operator has not so commenced and/or prosecuted, then this order shall terminate, except for any cash sums then payable hereunder; otherwise, unless sooner terminated by Order of the Board, this Order shall expire at 12:00 p.m. on the date on which the well covered by this Order is permanently abandoned and plugged. However, in the even at an appeal is taken from this Order, then the time between the filing of the Petition for Appeal and the Final Order of the Circuit Court shall be excluded in calculating the two-year period referenced herein.
- 15. Operator's Lien: Unit Operator, in addition to the other rights afforded hereunder, shall have a lien and a right of set off on the Gas estates, rights, and interests owned by any person subject hereto who elects to participate under Paragraph 9.1 in the Subject Drilling Unit to the extent that costs incurred in the drilling or operation on the Subject Drilling Unit are a charge against such person's interest. Such liens and right of set off shall be separable as to each separate person and shall remain liens until the Unit Operator drilling or operating the Well(s) has been paid the full amounts due under the terms of this Order.

16. Escrow Provisions:

The Applicant represented to the Board that there **are** unknown or unlocatable claimants in Subject Drilling Unit whose payments are subject to the

provisions of Paragraph 16; and, the Unit Operator has represented to the Board that there **are** conflicting claimants in the Subject Drilling Unit whose payments are subject to the provisions of Paragraph 16.2 hereof. Therefore, by this Order, the Escrow Agent named herein or any successor named by the Board, **is** required to establish an interest-bearing escrow account for the Subject Drilling Unit (herein "Escrow Account"), and to receive and account to the Board pursuant to its agreement for the escrowed funds hereafter described in Paragraphs 16.1 and 16.2:

Wachovia Bank, N. A. VA7518
P. O. Box 14061
Roanoke, VA 24038

- 16.1. Escrow Provisions For Unknown or Unlocatable Persons: If any payment of bonus, royalty payment or other payment due and owing under this Order cannot be made because the person entitled thereto cannot be located or is unknown, then such cash bonus, royalty payment, or other payment shall not be commingled with any funds of the Unit Operator and, pursuant to Va. Code § 45.1-361.21.D, said sums shall be deposited by the Unit Operator into the Escrow Account, commencing within one hundred twenty (120) days of recording of this Order, and continuing thereafter on a monthly basis with each deposit to be made, by use of a report format approved by the Inspector, by a date which is no later than sixty (60) days after the last day of the month being reported and/or for which funds are being deposited. Such funds shall be held for the exclusive use of, and sole benefit of the person entitled thereto until such funds can be paid to such person(s) or until the Escrow Agent relinquishes such funds as required by law or pursuant to Order of the Board in accordance with Va. Code § 45.1-361.21.D.
- 16.2 Escrow Provisions For Conflicting Claimants: If any payment of bonus, royalty payment, proceeds in excess of ongoing operational expenses, or other payment due and owing under this Order cannot be made because the person entitled thereto cannot be made certain due to conflicting claims of ownership and/or a defect or cloud on the title, then such cash bonus, royalty payment, proceeds in excess of ongoing operational expenses, or other payment, together with Participating Operator's Proportionate Costs paid to Unit Operator pursuant to Paragraph 9.1 hereof, if any, (1) shall not be commingled with any funds of the Unit Operator; and (2) shall, pursuant to Va. Code §§ 45.1-361.22.A.2, 45.1-361.22.A.3 and 45.1-361.22.A.4, be deposited by the Operator into the Escrow Account within one hundred twenty (120) days of recording of this Order, and continuing thereafter on a monthly basis with each deposit to be made by a date which is no later than sixty (60) days after the last day of the month being reported and/or for which funds are subject to deposit. Such funds shall be held for the exclusive use of, and sole benefit of, the person entitled thereto until such funds can be paid to such person(s) or until the Escrow Agent relinquishes such funds as required by law or pursuant to Order of the Board.

- 17. Special Findings: The Board specifically and specially finds:
- 17.1. Applicant is **Equitable Production Company**. Applicant is duly authorized and qualified to transact business in the Commonwealth of Virginia;
- 17.2. Applicant Equitable Production Company has made a delegation of authority to Equitable Production Company to explore, develop and maintain the properties and assets of Applicant, now owned or hereafter acquired, and Equitable Production Company has accepted this delegation of authority and agreed to explore, develop and maintain those properties and assets, and has consented to serve as Coalbed Methane Gas Unit Operator for Subject Drilling Unit and to faithfully discharge the duties imposed upon it as Unit Operator by statute and regulations;
- 17.3. Applicant **Equitable Production Company** is an operator in the Commonwealth of Virginia, and has satisfied the Board's requirements for operations in Virginia;
- 17.4 Applicant Equitable Production Company claims ownership of gas leases, Coalbed Methane Gas leases, and/or coal leases representing 89.385795% percent of the oil and gas interest/claims in and to Coalbed Methane Gas and 100% percent of the coal interest/claims in and to Coalbed Methane Gas in Subject Drilling Unit; and, Applicant claims the right to explore for, develop and produce Coalbed Methane Gas from Subject Formations in Subject Drilling Unit in Russell County, Virginia, which Subject Lands are more particularly described in Exhibit A;
- 17.5. The estimated total production from Subject Drilling Unit is 150 MMCG. The estimated amount of reserves from the Subject Drilling Unit is 150 MMCG;
- 17.6. Set forth in **Exhibit B-3**, is the name and last known address of each Owner or Claimant identified by the Applicant as having or claiming an interest in the Coalbed Methane Gas in Subject Formation in Subject Drilling Unit underlying and comprised of Subject Lands, who has not, in writing, leased to the Applicant or the Unit Operator or agreed to voluntarily pool his interests in Subject Drilling Unit for its development. The interests of the Respondents listed in **Exhibit B-3** comprise 10.614205% percent of the oil and gas interests/claims in and to Coalbed Methane Gas and 0.00% percent of the coal interests/claims in and to Coalbed Methane Gas in Subject Drilling Unit;
- 17.7 Applicant's evidence established that the fair, reasonable and equitable compensation to be paid to any person in lieu of the right to participate in the Wells are those options provided in Paragraph 9 above;
- 17.8 The relief requested and granted is just and reasonable, is

supported by substantial evidence and will afford each person listed and named in Exhibit B-3 hereto the opportunity to recover or receive, without unnecessary expense, such person's just and fair share of the production from Subject Drilling Unit. granting of the Application and relief requested therein will ensure to the extent possible the greatest ultimate recovery of Coalbed Methane Gas, prevent or assist in preventing the various types of waste prohibited by statute and protect or assist in protecting the correlative rights of all persons in the subject common sources of supply in the Subject Lands. Therefore, the Board is entering an Order granting the relief herein set forth.

- 18. Mailing Of Order And Filing Of Affidavit: Applicant or its Attorney shall file an affidavit with the Secretary of the Board within sixty (60) days after the date of recording of this Order stating that a true and correct copy of said Order was mailed within seven (7) days from the date of its receipt by Unit Operator to each Respondent named in Exhibit B-3 pooled by this Order and whose address is known.
- 19. Availability of Unit Records: The Director shall provide all persons not subject to a lease with reasonable access to all records for Subject Drilling Unit which are submitted by the Unit Operator to said Director and/or his Inspector(s).
- Conclusion: Therefore, the requested relief and all terms and provisions set forth above be and hereby are granted and IT IS SO ORDERED.
- 21. Appeals: Appeals of this Order are governed by the provisions of Va. Code Ann. § 45.1-361.9 which provides that any order or decision of the Board may be appealed to the appropriate circuit court.
- Effective Date: This Order shall be effective as of the date of the Board's approval of this Application, which is set forth at Paragraph 1

DONE AND EXECUTED this 15th day of Movember, 2006, by a majority of the Virginia Gas and Oil Board.

Chairman, Benry R. Warppler
DONE AND PERFORMED this 15th day of 12006, by Order of this Board.

Board.

Al Wil

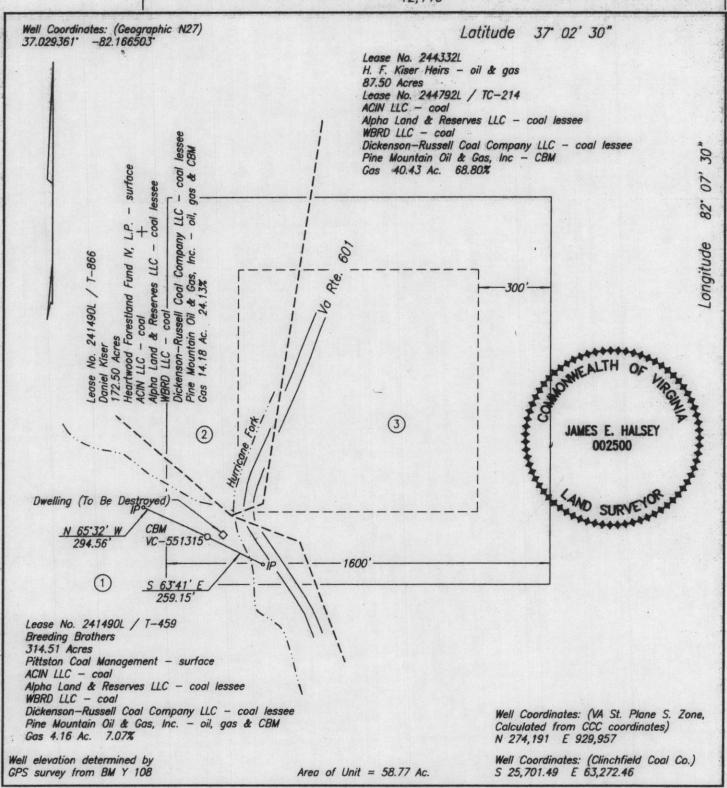
Principal Executive To The Staff Virginia Gas and Oil Board

STATE OF VIRGINIA
COUNTY OF WASHINGTON

Acknowledged on this 15th day of November, 2006, personally before me, a notary public in and for the Commonwealth of Virginia, appeared Benny R. Wampler , being duly sworn did depose and say that he is Chairman of the Virginia Gas and Oil Board, and B. R. Wilson, being duly sworn did depose and say that he is Principal Executive to the Staff of the Virginia Gas and Oil Board, that they executed the same and were authorized to do so.

Daine J. Davis
Notary Public

My commission expires: 9/30/09



WELL LOCATION PLAT

COMPANY Equitable Producti	ion Company	WELL NAME AND NUMBE	R_VC-551315
TRACT NO. <u>T-459</u>	ELEVATION _2.045.09	QUADRANGLE Dut	,
COUNTY Russell	DISTRICT <u>Castlewood</u>	SCALE _1" = 400'	DATE 5-02-2006
This Plat is a new plat x;			
_ Denotes the location of			
24,000, latitude and lor	ngitude lines being represen	nted by border lines as	shown.
	, ,		

TRACT	<u>LESSOR</u>	LEASE STATUS	INTEREST WITHIN <u>UNIT</u>	GROSS ACREAGE IN UNIT
		Gas Estate Only		
	Fred Musick, Jr. and Allie Musick, H/N P.O. Box 315 Northeast, MD. 21901	Unleased 3	0.115925%	0.0681
	Raymond and Patsy Musick Box 1245 Stuart, VA. 24171	Unleased	0.139090%	0.0817
	Samuel Musick 1085 Bellamy Lane Portsmouth, OH. 45663	Unleased	0.139090%	0.0817
	Wanda and Randall Whitt, H/W 140 Cline Drive Gore, VA. 22637	Unleased	0.030335%	0.0178
	Carol and Jackie Peacoe, H/W P.O. Box 2 Stephenson, VA. 22656	Unleased	0.030335%	0.0178
	Diane Howell, single P.O. Box 414 Hebron, VA. 21830	Unleased	0.030335%	0.0178
	Steven Howell Unknown	Unleased	0.030335%	0.0178
	Kevin Howell, single 140 Cline Drive Gore, VA. 22637	Unleased	0.030335%	0.0178
	Franklin and Karen Framer, H/W 8566 Burlington Court Manassas, VA. 20110	Unleased	0.030335%	0.0178
	Pridemore and Virginia Zientek Unknown	Unleased	1.911111%	1.1231
	Maynard Powers Unknown	Unleased	1.911111%	1.1231
	Roland Delmar Kiser, single P.O. Box 194 Cleveland, VA. 24225	Unleased	1.274074%	0.7487
	Giles and Charlotte Wilson, H/W Rt. 1, Box 338 Cleveland, VA. 24225	Unleased	0.182011%	0.1070
	Wiley Joe Canter Unknown	Unleased	0.060670%	0.0357
	Johnny Lee Rosenbaum, single 1730 Clifton Road Bristol, TN. 37621	Unleased	0.060670%	0.0357

TRACT		LEASE STATUS	INTEREST WITHIN UNIT	GROSS ACREAGE IN UNIT
	Alicia Rosenbaum, single P.O. Box 1114 Bristol, TN. 37621	Unleased	0.060670%	0.0357
	Sharon Lynn and Bobby Jones, H/W 2817 Biggs Highway Northeast, MD. 21901	Unleased	0.036402%	0.0214
	Jack Kelvin Head 89 Tolmax Lane Elkton, MD. 21921	Unleased	0.036402%	0.0214
	William Arthur and Sylvia Kiser, H/W 421 Beauregard Drive Chesapeake, VA. 23322	Unleased	0.955656%	0.5615
	Christine and James Kiser, H/W 719 St. Paul Street Newport News, VA. 23605	Unleased	0.955656%	0.5615
	Ama Kiser Vance, widow 409 West Main Street, Apt. 4 Tazewell, VA. 24651	Unleased	0.955556%	0.5615
	Dave Craft 2700 Willimar Street Richmond, VA. 23234	Unleased	0.546034%	0.3209
	Charles and Lorraine Hankins, H/W 1694 Royal Gate Drive New Braunfels, TX. 78132	Unleased	0.546034%	0.3209
	Ada Karen and Clarence Hayes, H/W 1542 Holly Hills Road Powhatan, VA. 23139	Unleased	0.546034%	0.3209
	TOTAL GAS ESTATE		10.614205%	6.2371

	EXHIBIT "E" VC-551315	27130	BOOK
	LEASE	WITHIN	GROSS ACREAGE
LESSOR	STATUS	UNIT	IN UNIT
	Gas Estate Only		
H. F. Kiser Heirs			
Dora Belle Musick Heirs:			
Delphia Musick Ball, widow P.O. Box 58 Davenport, VA 24239	Leased EPC 244332L30	0.643462%	0.3783
Sarah E. Musick, widow Rt. 1, Box B2 Cleveland, VA. 24225	Leased EPC 244332L10	0.643462%	0.3783
Betty Musick, widow Rt. 2, Box 167 Cleveland, VA. 24225	Leased EPC 244332L14	0.643462%	0.3783
Thelma Musick, widow 950 lot 39 Hillman Highway Abingdon, VA. 24210	Leased EPC 244332L52	0.643462%	0.3783
Ralph Elwood Musick, single 15177 Douglas Street Culpepper, VA. 22701	Leased EPC 244332L31	0.643462%	0.3783
Dorothy Johnson, single Rt. 4, Box 177 B Lebanon, VA. 24266	Leased EPC 244332L16	0.643462%	0.3783
Hubert C. and Jo Anne Musick, H/M P.O. Box 202 Honaker, VA. 24260	Leased EPC 244332L18	0.643462%	0.3783
Ina Musick, widow 667 Hunting Hill Road Piney Flats, TN. 37686	Leased EPC 244332L53	0.643462%	0.3783
Willard Wilson Heirs:			
Ronald Lewis Wilson Rt. 1, Box 91 Honaker, VA. 24260	Leased EPC 244332L12	0.173837%	0.1021
Lakie Nearse Box 1864 Pace Street Bristol, VA. 24203	Leased EPC 244332L12	0.173837%	0.1021
Trudie Damron Rt. 1, Box 332 Cleveland, VA. 24225	Leased EPC 244332L12	0.173837%	0.1021
Kenneth Wilson Heirs:			

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Bristol, VA. 24203	244332L12		
Trudie Damron Rt. 1, Box 332 Cleveland, VA. 24225	Leased EPC 244332L12	0.173837%	0.1021
Kenneth Wilson Heirs:			
Freddy Wilson Unknown	Leased EPC 244332L12	0.086969%	0.0510
Patricia C. Fields Rt. 3, Box 198A Lebanon, VA. 24266	Leased EPC 244332L12	0.086969%	0.0510

EXHIBIT "E" VC-551315

TR	LESSOR	LEASE STATUS	INTEREST WITHIN UNIT	GROSS ACREAGE IN UNIT
	Mildred and Claude Kendrick, H/W Star Rt. Box 94 Dublin, VA.24084	Leased EPC 244332L56	0.115925%	0.0681
	Edith and William B. Matson, H/W 5678 State Rt. 133 Batavia, OH. 45103	Leased EPC 244332L57	0.115925%	0.0681
	Sally Musick, widow Rt. 1, Box 710 Cleveland, VA. 24225	Leased EPC 244332L17	0.115925%	0.0681
	Cecil C. and Irene Musick, H/W Rt. 2 Box 114 Cleveland, VA. 24225	Leased EPC 244332L07	0.115925%	0.0681
	James Harold and Annie Bea Musick, H Rt. 2 Box 76 B Cleveland, VA. 24225	Leased EPC 244332L08	0.115925%	0.0681
	Fred Musick, Jr. and Allie Musick, H/W P.O. Box 315 Northeast, MD. 21901	Unleased	0.115925%	0.0681
	Clayton Musick Heirs:			
	Scarlette and Henry Baker, H/W P.O. Box 2374 Lebanon, VA. 24266	Leased EPC 244332L27	0.139090%	0.0817
	Sparker Floyd and Dolly Baker 17085 Brumley Gap Road Abingdon, VA. 24210	Leased EPC 244332L28	0.139090%	0.0817
	Raymond and Patsy Musick Box 1245 Stuart, VA. 24171	Unleased	0.139090%	0.0817
	Samuel Musick 1085 Bellamy Lane Portsmouth, OH. 45663	Unleased	0.139090%	0.0817
	Roger M. Musick Heirs:			
	Keith Allen Musick 25005 Lawrence, Apt. 126 Center Line, MI. 48015	Leased EPC 244332L22	0.069595%	0.0408
	Patrick Fitzgerald Musick 25005 Lawrene, Apt. 126 Center Line, MI. 48015	Leased EPC 244332L22	0.069595%	0.0408
	Frank P. Kiser Heirs:			
	Velva Lee and Cloid Breeding, H/W Rt. 1 Box 441 Cleveland, VA. 24225	Leased EPC 244332L23	7.644444%	4.4922

EXHIBIT "E" VC-551315

LESSOR	LEASE STATUS	INTEREST WITHIN UNIT	GROSS ACREAGE IN UNIT
Carrie Powers Heirs:			
Billie Mason and Catherine L. Gilb 7442 SE 114th Lane Belleview, FL. 34420	ert, H/ Leased EPC 244332L66	0.212346%	0.1248
Violet and Arlene Combs, H/W 8122 Sinclair Mill Road Manassas, VA. 20112	Leased EPC 244332L67	0.212346%	0.1248
Charolette Lewis, Single 8698 Carlton Drive Manassas, VA. 20112	Leased EPC 244332L71	0.212346%	0.1248
Sharon and Edward L. Preacher, F 10807 Warwick Avenue Fairfax, VA. 22030	H/W Leased EPC 244332L72	0.212346%	0.1248
Gladys and Carl Crawford, H/W 9017 Richmond Avenue Manassas, VA. 20110	Leased EPC 244332L74	0.212346%	0.1248
Lorraine and Meredith Crutchfield, p.o. Box 632 South Hill, VA. 23970	H/W Leased EPC 244332L64	0.212346%	0.1248
Phyllis Keene, single 497A Washington Street Romney, WV. 26757	Leased EPC 244332L68	0.212346%	0.1248
Burl Gilbert Heirs:			
Ronnie and Vicki Gilbert, H/W RT. 2, Box 28A Cleveland, VA. 24225	Leased EPC 244332L62	0.106173%	0.0624
Regina Gilbert, single Rt. 2, Box 127A Cleveland, VA. 24225	Leased EPC 244332L63	0.106173%	0.0624
Gaynell Howell Heirs:			
Brenda and Ferrell Whitt, H/W 255 Brill Road Star Tannery, VA.22654	Leased EPC 244332L65	0.030335%	0.0178
Wanda and Randall Whitt, H/W 140 Cline Drive Gore, VA. 22637	Unleased	0.030335%	0.0178
Carol and Jackie Peacoe, H/W P.O. Box 2 Stephenson, VA. 22656	Unleased	0.030335%	0.0178
Diane Howell, single P.O. Box 414 Hebron, VA. 21830	Unleased	0.030335%	0.0178
Steven Howell Unknown	Unleased	0.030335%	0.0178

EXHIBIT "E" VC-551315

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<u>TR</u>	LESSOR	LEASE STATUS	INTEREST WITHIN <u>UNIT</u>	GROSS ACREAGE IN UNIT		
	Kevin Howell, single 140 Cline Drive Gore, VA. 22637	Unleased	0.030335%	0.0178		
	Franklin and Karen Framer, H/W 8566 Burlington Court Manassas, VA. 20110	Unleased	0.030335%	0.0178		
	Alma Pauline Butler, single 334 S. Rogers Street Aberdeen, MD 21001	Leased EPC 244332L05	1.911111%	1.1231		
(Pridemore and Virginia Zientek Unknown	Unleased	1.911111%	1.1231		
(Maynard Powers Unknown	Unleased	1.911111%	1.1231		
	Luther M. Kiser Heirs:					
	Alma Simerly, single P.O. Box 1624 Honaker, VA. 24260	Leased EPC 244332L15	1.274074%	0.7487		
	Roland Delmar Kiser, single P.O. Box 194 Cleveland, VA. 24225	Unleased	1.274074%	0.7487		
	Nettie Glenn Wilson, widow P.O. Box 294 Cleveland, VA. 24225	Leased EPC 244332L01	1.274074%	0.7487		
	Kennie O'Dell and Thelma Kiser, H/W P.O. Box 62 Cleveland, VA. 24225	Leased EPC 244332L11	1.274074%	0.7487		
	Hazel Wilson Heirs:					
	Giles and Charlotte Wilson, H/W Rt. 1, Box 338 Cleveland, VA. 24225	Unleased	0.182011%	0.1070		
	Roy Lee and Delphia Wilson, H/W HC 4, Box 304 Bee, VA. 24217	Leased EPC 244332L29	0.182011%	0.1070		
	Alder and Ella Wilson, H/W 1335 E Old Philadelphia Road Elkton, MD. 21921	Leased EPC 244332L33	0.182011%	0.1070		
	Curtis and Connie Wilson, H/W 1867 E Old Philadelphia Road Elkton, MD. 21921	Leased EPC 244332L34	0.182011%	0.1070		
	Lonnie G. and Pam Wilson, H/W 3748 Cunningham Road Thomasville, NC 27360	Leased EPC 244332L35	0.182011%	0.1070		
	Kathy Rosenbaum Canter Heirs:					
(Wiley Joe Canter Unknown	Unleased	0.060670%	0.0357		
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EXHIBIT "E" VC-551315

<u>TR</u>	LESSOR	LEASE STATUS	INTEREST WITHIN UNIT	GROSS ACREAGE IN UNIT
	Johnny Lee Rosenbaum, single 1730 Clifton Road Bristol, TN. 37621	Unleased	0.060670%	0.0357
	Alicia Rosenbaum, single P.O. Box 1114 Bristol, TN. 37621	Unleased	0.060670%	0.0357
	Zelma Head Heirs:			
	Randall and Teresa Head, H/W 1279 Old Neck Road Elkton, MD. 21921	Leased EPC 244332L43	0.036402%	0.0214
	Wanda and Evan Jones, H/W 995 E Old Philadelphia Road Elkton, MD. 21921	Leased EPC 244332L40	0.036402%	0.0214
	Sharon Lynn and Bobby Jones, H/W 2817 Biggs Highway Northeast, MD. 21901	Unleased	0.036402%	0.0214
	Carolyn Sue and Richard Rinehart, H/M P.O. Box 1054 Rising Sun, MD. 21911	Leased EPC 244332L41	0.036402%	0.0214
	Jack Kelvin Head 89 Tolmax Lane Elkton, MD. 21921	Unleased	0.036402%	0.0214
	Ruby Ethel Kiser (deceased) C/O Kennie O'Dell Kiser P.O. Box 62 Cleveland, VA. 24225	Leased EPC 244332L09	1.274074%	0.7487
	Fred S. Kiser Heirs:			
	Vadie Kiser Tiller and Edwin Blankenship, H/W 26934 Watauga Road Abingdon, VA. 24211	Leased EPC 244332L60	1.911111%	1.1231
	Maudie Stevens, single HCR 1, Box 405 Birchleaf, VA. 24220	Leased EPC 244332L20	1.911111%	1.1231
	Julie Kiser Heirs:			
	Anita and Wayne Conaway, H/W HCR 1, Box 409 Birchleaf, VA. 24220	Leased EPC 244332L19	0.955556%	0.5615
	Donnie and Diann Kiser, H/W P.O. Box 72 Lawndale, NC. 28090	Leased EPC 244332L26	0.955556%	0.5615
	Bertie Counts Heirs:			
	James Albert Counts 814 Shamrock Drive Fredericksburg, VA. 22407	Leased EPC 244332L24	0.273026%	0.1604

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<u>TR</u>	LESSOR	LEASE STATUS	INTEREST WITHIN <u>UNIT</u>	GROSS ACREAGI IN UNIT	
P.C	rvin Eugene Counts D. Box 178 stlewood, VA. 24224	Leased EPC 244332L24	0.273026%	0.1604	
164	ncel Wayne Counts 86 S. St. Paul Street stlewood, Va. 24283	Leased EPC 244332L24	0.273026%	0.1604	
164	don Carrol Counts 86 S. St. Paul Street tlewood, VA. 24283	Leased EPC 244332L24	0.273016%	0.1604	
Rt.	inia Dare Turner I, Box 682 chco, VA. 24226	Leased EPC 244332L24	0.273016%	0.1604	
4316	nda Sue Turner 5 Kentland Drive dbridge, VA. 22193	Leased EPC 244332L24	0.273016%	0.1604	
HC 6	Ann Phipps 67, Box 153A e, VA. 24237	Leased EPC 244332L24	0.273016%	0.1604	
Base	com Kiser and Dallas Brook	s Kiser Heirs:			
HC 6	y Brooks 7, Box 245 e, Va. 24237	Leased EPC 244332L13	7.644444%	4.4922	
Elsie	Mae Counts Heirs:				
Rt.1,	ord Counts Box 696 e, VA. 24237	Leased EPC 244332L25	1.274074%	0.7487	
Rt. 1,	s E. Counts Box 344 vood, VA. 24228	Leased EPC 244332L25	1.274074%	0.7487	
5256	opher Darrel Counts Blacksburg Road ville, VA. 24175	Leased EPC 244332L25	1.274074%	0.7487	
Rt. 1,	Gail Chafin Box 276 and, VA. 25225	Leased EPC 244332L25	1.274074%	0.7487	
Rt. 1,	n Larry Counts Box 276 and, VA. 25225	Leased EPC 244332L25	1.274074%	0.7487	
Junio	Lee Counts Heirs:				
Rt. 1 B	ee Counts ox 630 VA. 24237	Leased EPC 244332L25	0.318529%	0.1872	
Rt. 1, E	I. Counts Box 630 VA. 24237	Leased EPC 244332L25	0.318529%	0.1872	

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		LEASE	INTEREST	GROSS ACREAGE
TR	LESSOR	STATUS	UNIT	<u>IN UNIT</u>
	Anthony Counts P.O. Box 91 Cleveland, VA. 24225	Leased EPC 244332L25	0.318529%	0.1872
	Destia Puckett P.O. Box 91 Cleveland, VA. 24225	Leased EPC 244332L25	0.318529%	0.1872
	Lula Kiser Johnson Heirs:			
	Anne J. Campbell, widow Rt. 1, Box 42 Cleveland, VA.24225	Leased EPC 244332L03	2.548148%	1.4974
	Inas Counts P.O. Box 2995 Lebanon, VA. 24226	Leased EPC 244332L02	2.548148%	1.4974
	Delphia Combs, widow P.O. Box 303 Cleveland, VA. 24225	Leased EPC 244332L04	2.548148%	1.4974
	Rufus Counts Kiser Heirs:			
	William Arthur and Sylvia Kiser, H/W 421 Beauregard Drive Chesapeake, VA. 23322	Unleased	0.955656%	0.5615
	Christine and James Kiser, H/W 719 St. Paul Street Newport News, VA. 23605	Unleased	0.955656%	0.5615
	Nellie Kiser Wells, single 2128 A. Street Augusta, GA. 30904	Leased EPC 244332L46	0.955656%	0.5615
	Ama Kiser Vance, widow 409 West Main Street, Apt. 4 Tazewell, VA. 24651	Unleased	0.955556%	0.5615
	Elaine Hankins Craft Heirs:			
	Dave Craft 2700 Willimar Street Richmond, VA. 23234	Unleased	0.546034%	0.3209
	Charles and Lorraine Hankins, H/W 1694 Royal Gate Drive New Braunfels, TX. 78132	Unleased	0.546034%	0.3209
	Feba Clair Bryan Heirs:			
	Ada Karen and Clarence Hayes, H/W 1542 Holly Hills Road Powhatan, VA. 23139	Unleased	0.546034%	0.3209
	Jean Bryan, single 4009 Kanawha Turnpike South Charleston, WV. 25309	Leased EPC 244332L70	0.546035%	0.3209

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		LEASE	INTEREST	GROSS ACREAGE
TR		STATUS	UNIT	<u>IN UNIT</u>
	Margaret Marie Kiser Perkins Heirs:			
	Oakley Eugene and Dorothy Perkins, H. 2416 Lamberts Avenue Richmond, VA. 23234	Leased EPC 244332L73	0.364121%	0.2139
	Brenda and James Courtney, H/W 1904 Graves Road Sandston, VA. 23150	Leased EPC 244332L61	0.364121%	0.2139
	Greta and Robert Shaw, H/W 14010 North Carriage lane Midlothian, VA. 23313	Leased EPC 244332L69	0.364121%	0.2139
	Lila Elizabeth Kiser, single 2416 Lamberts Avenue Richmond, VA. 23234	Leased EPC 244332L47	0.955556%	0.5615
	TOTAL GAS ESTATE		68.800000%	40.4300

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EXHIBIT "E" VC-551315

TR	LESSOR	LEASE STATUS	INTEREST WITHIN <u>UNIT</u>	GROSS ACREAGI IN UNIT
		Coal Estate Only		
3	Pine Mountain Oil & Gas, Inc. Attn: Jerry Grantham P.O. Box 2136 Abingdon, VA 24212	Leased-EPC 244792L TC-214	68.800000%	40.4300
	TOTAL GAS ESTATE		68.800000%	40.4300

VIRGINIA: IN THE OFFICE OF THE CLERK OF THE CIRCUIT COURT OF RUSSELL COUNTY, 1 - 30, 2006. This deed was this day presented in said office, and upon the certificate of acknowledgment thereto annexed, admitted to record at 10:08 o'clock M, after payment of tax imposed by Sec. 58.1-802.

Original returned this date to: Diane Davis

TESTE: DOLLIE M. COMPTON, CLERK Orrice Radio D.

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